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MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA

August 1960

Number 1

Volume 5

Released Pursuant to \$1000.27 (j) and \$1000.85, USDA-AMS
Federal Order No. 100, 3756 Ringgold Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

NEW BASES TO BE ESTABLISHED

Producers are reminded that under the Order a new base is established each year. Starting with milk deliveries from September 1, 1960 through January 31, 1961, producers will establish a new base for the 1961 March through July base and excess pay periods. Daily bases are established by each producer on his deliveries of milk to the market pool plants during the period of September through January, divided by the number of days he delivered or by 120, whichever is the greater. All producers, particularly partnerships, are urged to see that their NEW BASE IS ESTABLISHED IN THE CORRECT NAME. Please notify this office immediately of any name change from your present payroll (Name on milk payment check) account.

MARKET SUMMARY AUGUST 1960

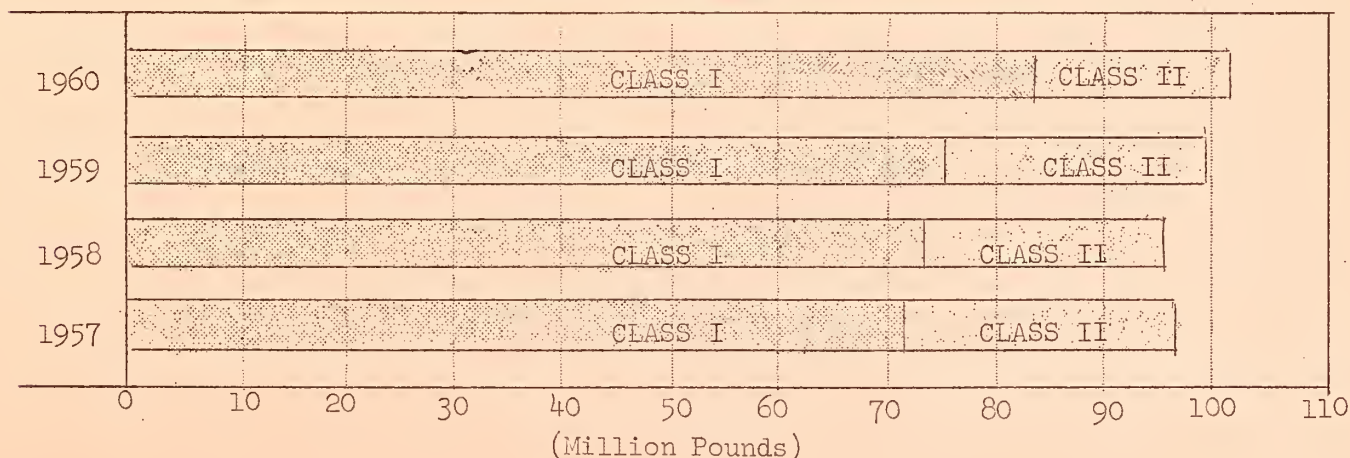
The Chattanooga Order Minimum uniform producer price is \$4.83 per cwt. f.o.b. pool plants for milk containing 4.0% butterfat. The producer butterfat differential is 7.4 cents for each one-tenth of one percent above or below 4.0 percent.

During August 81.5% of the total producer milk was priced in Class I at \$5.26 per cwt. with a butterfat differential of 7.5 cents and 18.5% was priced in Class II at \$3.09 with a butterfat differential of 6.8 cents. The percent of producer skim and butterfat priced in Class I was 81.9% and 71.4% respectively.

The daily average delivery of producer milk during August increased 3.8% compared with July and decreased 1.1% compared with August 1959. The daily average use of Class I milk increased 2.8% compared with July and decreased 1.7% compared with August 1959.

During August handlers received a daily average of 406,516 pounds of producer milk from 700 producers as compared with 411,167 pounds of producer milk from 742 producers during August 1959. Milk delivered from farm bulk tank producers during August was 343,311 pounds daily or 84.5% of total producer milk compared with August 1959 bulk milk which was 284,758 pounds daily or 69.3% of total producer deliveries.

PRODUCER RECEIPTS AND CLASS USE COMPARISONS
(January - August)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Aug. '60</u>	<u>July '60</u>	<u>Aug. '59</u>
Number of Plants (Pool and Non-Pool)	19	19	19
GROSS RECEIPTS (DAILY)			
Producer Milk - Cans	63,205	66,003	126,409
Producer Milk - Bulk Tank	<u>343,311</u>	<u>325,604</u>	<u>284,758</u>
Total Producer Milk Pounds	406,516	391,607	411,167
% August '60 compared with:	100.0	103.8	98.9
Other Source Milk Pounds	13,865	10,216	9,102
Other Order Milk Pounds	<u>4,622</u>	<u>6,950</u>	<u>27,438</u>
<u>TOTAL RECEIPTS MILK POUNDS</u>	<u>425,003</u>	<u>408,773</u>	<u>447,707</u>
% August '60 compared with:	100.0	104.0	94.9
GROSS UTILIZATION (DAILY)			
Class I Milk Pounds:			
Fluid Milk	277,216	265,446	268,641
Buttermilk	37,644	38,486	38,027
Chocolate Milk	9,677	8,815	9,171
Fluid Skim	8,702	9,289	7,970
Fluid Creams	2,448	2,396	2,285
Bulk to Non-Handlers	55	1,157	12,671
Class I Shrinkage	1,259	1,921	3,474
Inventory Reclassification	(812)	(562)	(213)
Overstated Sales	<u>(12)</u>	<u>-</u>	<u>-</u>
Total Class I Milk	336,177	326,948	342,026
% August '60 compared with:	100.0	102.8	98.3
Class II Milk Pounds (Used to Produce)			
Butter	3,246	1,083	674
Cottage Cheese	16,224	13,332	14,276
Powdered and Condensed Milk	37,968	31,226	49,101
Ice Cream	20,008	22,392	23,624
Inventory Variation	508	4,356	6,167
Other	<u>10,872</u>	<u>9,436</u>	<u>11,839</u>
Total Class II Milk	88,826	81,825	105,681
% August '60 compared with:	100.0	108.6	84.1
<u>TOTAL UTILIZATION CL. I AND CL. II MILK LBS.</u>	<u>425,003</u>	<u>408,773</u>	<u>447,707</u>
% Producer Milk of Gross Class I	120.9	119.8	120.2
% Producer Skim of Gross Class I Skim	120.3	119.1	119.7
% Producer Butterfat of Gross Class I Butterfat	139.0	138.7	134.6
% Producer Milk Priced in Class I	81.5	82.4	75.8

SEPTEMBER 1960 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Sept. '60</u>	<u>Aug. '60</u>	<u>Sept. '59</u>
Basic Formula (See page 4)	\$3.45	\$3.37	\$3.45
Plus (\$ 1000.51 (a) (1))	1.75	1.75	1.75
Supply-Demand Adjustment	<u>(0.06)</u>	<u>0.14</u>	<u>(0.16)</u>
Class I Price, 4.0% Butterfat	\$5.14	\$5.26	\$5.04
Per \$ 1000.51 (a)			

Supply-Demand Comparison: 1st and 2nd preceding months: July and August

Supply: Lbs. Producer Milk (July 12,139,802 and August 12,602,002) 24,741,804

Demand: Lbs. Net Class I Milk (July 10,022,128 and August 10,305,407) 20,327,535

Utilization Percentage: Producer milk divided by Class I 122

Standard Utilization Percentage: Range 115-119 119

Net Deviation Percentage: Utilization minus Standard Utilization plus 3

Supply-Demand Adjustment: 2 cents x 3 percentage points minus \$0.06

Since the supply in relation to the demand is more than the desired standard, the price is decreased 6 cents per hundredweight (2 cents x 3 percentage points).

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR AUGUST 1960
Based on 19 plant reports prior to audit

Page 3

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		10,421,495	3.543		
Less Other Source		151,709	1.662		
Producer Milk Class I	81.5	10,269,786	3.571175	\$4.938381	\$507,161.16
Gross Class II		2,753,609	5.438		
Less Other Source		421,393	0.739		
Producer Milk Class II	18.5	2,332,216	6.287668	4.645614	108,345.75
TOTAL PROD. (Cl. I + Cl. II)	100.0	12,602,002	4.073908		615,506.91
Add Fractional Adjustment					.03
Add Compensatory Payment Value		12,444		0.43	53.51
Add Overage Value					50.87
Add Inventory Reclassification Value					108.94
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					4,925.19
TOTAL VALUE AT TEST		12,602,002	4.073908		620,645.45
Less Test Over 4% @ 7.4¢ per point		12,602,002	.073908	0.054692	6,892.29
TOTAL VALUE AT 4.0%		12,602,002	4.0	4.870283	613,753.16
Less Producer-Settlement Fund Reserve		12,602,002		.040283	5,076.46
UNIFORM PRICE f.o.b. POOL PLANT		12,602,002	4.0	\$4.83	\$608,676.70

AUGUST 1960 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0%	\$4.09	3.6%	\$4.534	4.2%	\$4.978	4.8%	\$5.422	5.4%	\$5.866
3.05	4.127	3.65	4.571	4.25	5.015	4.85	5.459	5.45	5.903
3.1	4.164	3.7	4.608	4.3	5.052	4.9	5.496	5.5	5.94
3.15	4.201	3.75	4.645	4.35	5.089	4.95	5.533	5.55	5.977
3.2	4.238	3.8	4.682	4.4	5.126	5.0	5.57	5.6	6.014
3.25	4.275	3.85	4.719	4.45	5.163	5.05	5.607	5.65	6.051
3.3	4.312	3.9	4.756	4.5	5.20	5.1	5.644	5.7	6.088
3.35	4.349	3.95	4.793	4.55	5.237	5.15	5.681	5.75	6.125
3.4	4.386	4.0	4.83	4.6	5.274	5.2	5.718	5.8	6.162
3.45	4.423	4.05	4.867	4.65	5.311	5.25	5.755	5.85	6.199
3.5	4.46	4.1	4.904	4.7	5.348	5.3	5.792	5.9	6.236
3.55	4.497	4.15	4.941	4.75	5.385	5.35	5.829	5.95	6.273

MILK SAMPLES TESTED - Composite 127, Fresh 5,886, Finished Products 225.

NUMBER OF FARM PAYROLL ACCOUNTS

1959

1960

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Can	264	246	218	203	198	185	178	167	164	162	157	152	141
Tank	478	486	503	513	515	528	526	534	538	535	538	538	559
Total	742	732	721	716	713	713	704	701	702	697	695	690	700
New	20	5	4	2	3	5	1	0	3	0	2	3	17
Quit	7	15	15	7	6	5	10	3	2	5	4	8	7

During August 1960 there were 700 producers with a daily average of 581 pounds per farm compared with August 1959 of 742 producers with a daily average of 554 pounds per farm. This is a decrease of 42 producers and a daily average increase of 27 pounds per producer.

There were 5,886 butterfat check tests made during August 1960, or an average of 8.4 random daily tests per producer.

SUMMARY OF CHATTANCOGA ORDER MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES ^{1/} Per Hundredweight				HANDLER CLASS PRICES ^{1/}			
	Uniform	Base	Excess	Bf.Dif.	Class I		Class II	
					Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Aug. '59	\$4.58	-	-	7.4¢	\$5.10	7.5¢	\$3.04	6.9¢
Sept.	4.77	-	-	7.6	5.04	7.8	3.57	7.2
Oct.	4.94	-	-	8.0	5.14	8.2	3.59	7.2
Nov.	5.08	-	-	7.8	5.36	8.1	3.67	7.4
Dec.	5.12	-	-	8.0	5.48	8.3	3.57	7.1
Jan. '60	4.96	-	-	7.6	5.34	8.0	3.38	6.7
Feb.	4.96	-	-	7.2	5.26	7.5	3.21	6.7
Mar.	5.07 ^{2/}	\$5.18	\$3.15	7.4	5.25	7.5	3.19	6.7
Apr.	4.93 ^{2/}	5.18	3.05	7.2	5.40	7.5	3.09	6.7
May	4.73 ^{2/}	4.96	3.02	7.2	5.34	7.5	3.06	6.7
June	4.83 ^{2/}	4.98	3.02	7.2	5.23	7.5	3.06	6.7
July	4.84 ^{2/}	5.03	3.02	7.2	5.25	7.5	3.06	6.7
Aug.	4.83	-	-	7.4	5.26	7.5	3.09	6.8
Sept.	-	-	-	-	5.14	7.7	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS (\$-cwt-4%)				Highest or Basic Formula \$-cwt-4%
	Mid-West Cond.	Chi.92° Butter	Chi.Area Powders	Wisc. Cheese	Mid-West Cond.	Butter	Butter	4 Tenn. Milk Mfg.	
	\$-cwt-3.5%	¢ Lb.	¢ Lb.	¢ Lb.		Cheese	Powder		
Aug. '59	2.965	60.190	12.820	31.531	3.34	3.24	3.45	3.04	3.45
Sept.	3.015	62.730	12.890	31.692	3.39	3.36	3.57	3.10	3.57
Oct.	3.098	62.360	13.070	31.875	3.50	3.35	3.59	3.13	3.59
Nov.	3.146	63.930	13.025	33.688	3.54	3.45	3.67	3.18	3.67
Dec.	3.154	61.870	13.190	34.750	3.55	3.38	3.57	3.20	3.57
Jan. '60	3.128	57.962	13.250	34.750	3.51	3.20	3.38	3.21	3.51
Feb.	3.119	57.976	13.205	34.750	3.48	3.20	3.38	3.21	3.48
Mar.	3.095	57.970	13.070	34.750	3.47	3.20	3.38	3.19	3.47
Apr.	3.032	57.974	12.975	32.350	3.39	3.16	3.35	3.09	3.39
May	2.998	57.944	12.800	32.000	3.36	3.15	3.34	3.06	3.36
June	3.000	57.974	12.755	32.000	3.36	3.15	3.35	3.06	3.36
July	3.014	57.988	12.710	32.000	3.37	3.16	3.35	3.06	3.37
Aug.	3.076	59.041	12.720	33.062	3.45	3.22	3.40	3.09	3.45

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS MILK POUNDS ^{3/}					Number		Deliveries Per			Prod.
	Gross	Prod.	Prod.	Base	Gross	of		Farm--Pounds			Milk
	Cl. I	Cl. I	Repts.	Repts.	Repts.	Hdlr.Prod.		Prod.	Base	Exc.	Test %
Aug. '59	342,026	311,661	411,167	-	447,707	19	742	554	-	-	4.07
Sept.	393,150	362,439	438,703	-	475,704	19	732	599	-	-	4.13
Oct.	387,831	374,731	415,281	-	436,355	19	721	576	-	-	4.30
Nov.	361,259	349,558	410,745	-	429,673	19	716	574	-	-	4.46
Dec.	353,852	349,128	409,090	-	423,765	19	713	574	-	-	4.45
Jan. '60	356,801	352,832	418,023	-	428,334	19	713	586	-	-	4.41
Feb.	365,338	358,744	411,790	-	428,440	19	704	585	-	-	4.39
Mar.	364,784	360,301	388,659	369,056	412,314	19	701	554	526	28	4.43
Apr.	364,153	359,231	443,629	393,158	457,813	19	702	632	560	72	4.18
May	335,921	331,315	444,105	390,854	460,542	19	697	637	561	76	4.16
June	327,707	322,535	390,062	360,265	406,688	19	695	561	518	43	4.11
July	326,948	322,517	391,607	354,529	408,773	19	690	568	514	54	4.06
Aug.	336,177	331,283	406,516	-	425,003	19	700	581	-	-	4.07

^{1/} Excludes Premiums^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I; Excess is Producer minus Base